

1 CHAIRMAN JAMES: We'll begin with you, Mayor
2 Holloway.

3 MAYOR HOLLOWAY: Madam Chairman, distinguished
4 commissioners and guests. My name is A.J. Holloway, Mayor of
5 Biloxi, and I am a part of the Mississippi miracle. Welcome to
6 the State of Mississippi, the Mississippi Gulf Coast and to the
7 City of Biloxi.

8 I thank you for accepting our invitation to hold
9 these hearings in Biloxi and I thank you for the opportunity to
10 address you today. I come before you today not as a promoter of
11 casino gambling but as a mayor who is obligated to make sure that
12 his city has vibrant economic, and just as importantly, an
13 outstanding quality of life for the citizens of this community.

14 I am proud to tell you that here in Biloxi and along
15 the Mississippi Gulf Coast and throughout this great state of
16 ours we are seeing just what a vibrant economy can do for a
17 community and our residents are enjoying an outstanding quality
18 of life.

19 Six years ago, the City of Biloxi was nearly
20 bankrupt. Our economy, just like the nation's economy, was dull.
21 How many of you remember the phase, it's the economy, stupid?

22 Our decline began in the '80s when the bottom fell
23 out of the oil industry in Louisiana and Texas. We lost a large
24 section of the tourist trade from our area. We had hotels in
25 bankruptcy. They couldn't pay their water bills. The golfers,
26 who we depended on to visit us each winter, were finding better
27 accommodations in other places. We were a tourist town with no
28 tourists.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 Nine years ago, I was a member of the city council
2 and I could tell you firsthand this was a disaster for city
3 government. The declining tax revenue meant we were six to nine
4 months behind paying our bills. We were barely meeting the city
5 payroll.

6 We were having to borrow money on next year's
7 property taxes to pay this year's bills. Then we'd have to turn
8 right back around and pay off the loan with the taxes we
9 collected in January and February. City employees took 10
10 percent pay cuts and city services suffered as our roads and
11 infrastructure began to crumble.

12 All of that changed in 1992 when a majority of the
13 citizens of our community approved dockside gaming. Today we are
14 home to eight casinos in Biloxi with the ninth on the way, but I
15 submit to you that our story is not about casinos, it's about
16 economic development.

17 It's about the 10,000 jobs in the casino industry
18 here in Biloxi. It's about the 10,000 spinoff jobs that have
19 been created locally in the construction industry, the restaurant
20 industry, the health care industry, the retail industry and the
21 countless other sectors of our community.

22 It's about a community that in six years has seen
23 spending on education increase by 30 percent, helping lay the
24 foundation for an even more promising future. On the Mississippi
25 Gulf Coast, from 1992, the jobs increased 15 percent in
26 transportation and utilities.

27 We had a 19 percent increase in wholesale and retail
28 sales, a 47 percent increase in construction, and a 56 increase
29 in service and maintenance. As alluded to earlier in this

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 hearings, the unemployment rate as of June -- July 1998, is
2 Harrison County at 3.9 percent, Hancock County at 3.7 percent and
3 Jackson County at 3.8 percent.

4 This dramatic economic development has come into our
5 city with the many negatives you might think. We've seen our
6 population in Biloxi increase by 15 percent in the past six years
7 and our number of visitors increased by millions, but because we
8 are proactive in the area of public safety we have seen crime
9 decrease in several important categories.

10 Biloxi's location on the peninsula is ideally suited
11 for the development of dockside casinos because we have water on
12 three sides. We studied the land use and we limited development.
13 We have about 18 miles of waterfront property and only six miles
14 is zoned for gaming, and about one-third of that is a public man-
15 made sand beach where casinos are prohibited.

16 Not only have we gotten a good volume of development
17 but the size of that development has grown tremendously as the
18 market has matured. For instance, at the outset, we saw
19 investments in the tens of millions of dollars. Today, we are
20 getting ready to see doors open on a 600-plus million dollar
21 facility.

22 What we are seeing right now in Biloxi is
23 consolidation, the larger companies buying or merging with
24 smaller companies. You may end up with the same amount of total
25 gaming square footage but you'll have fewer owners.

26 Grand Casino announced the other day that it had
27 acquired its smaller neighbor, Lady Luck of Biloxi. Grand has
28 100,000 square feet of gaming with just over 1,000 hotel rooms

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 while Lady Luck Biloxi had only 22,000 square feet of gaming and
2 no hotel.

3 Shortly after that, Hilton announced plans to merge
4 with Grand Casinos. This brought yet another level of prestige
5 and prominence to Biloxi and Mississippi. Frankly, I see all of
6 this jockeying for position as a sign that these big companies
7 see great things happening and even greater things coming to
8 Biloxi.

9 These people are buying into a market in a community
10 that has demonstrated success, but again, casino gambling is not
11 the whole story. For me and for Mayor Jones of Las Vegas and
12 Mayor Whalen of Atlantic City, who was on a panel last year in
13 Las Vegas, and we had to discuss the dramatic growth that was
14 taking place in our cities and how we were dealing with that
15 growth.

16 We are in a Catch-22 in that situation. The new
17 casinos and hotels, and really any business, are able to open
18 their doors in 18 to 20 months. The government cannot move as
19 fast as the private sector. Our biggest challenge is a never-
20 ending job of infrastructure.

21 Giving our citizens better roads, more roads,
22 adequate sewer lines, safer neighborhoods, and more and better
23 recreation facilities, and the list goes on. And in a historic
24 community like ours where we are seeing unprecedented
25 development, we have a huge number of infrastructure improvements
26 to make.

27 Right now, we have about \$50 million worth of streets
28 and drainage improvements in the works on our 13 square mile
29 peninsula. In the past six years, we've repaired or rebuilt more

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 than half of the streets in our city and we're working on the
2 other half.

3 We are in the early stages of a \$35 million traffic
4 improvement program to build new roads and widen and improving
5 our existing roads. We're clearing land for a \$10 million public
6 safety center. In the next few months, we should be ready to
7 begin construction on a \$1.9 billion multi-purpose recreation
8 center.

9 We just dedicated a \$12.5 million waste water
10 treatment facility plant that is the largest of its kind in the
11 country to meet the needs of our growing community and to meet
12 the needs of our future.

13 As mayor, I'm delighted to say our property taxes
14 have not just stabilized, they've gone down. In fact, just last
15 week the city council approved the largest tax decrease in the
16 history of Biloxi. And this, I might add, is the fourth tax
17 break in the last five years for Biloxi residents.

18 Having said all these things, you must remember this.
19 Casinos are not huge cash cows that bring money into a city and
20 everything else takes care of itself. I think we've been
21 successful for a variety of reasons. People were already
22 familiar with our area and what we had to offer. Our regulations
23 are business friendly.

24 And there's one more thing. We know who we are. We
25 don't want to be the Las Vegas of the south. We want to be, and
26 we are, the playground of the south. Gaming is the industry that
27 is driving our economy but we don't put all our eggs in this one
28 basket.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVE., N.W.

(202) 234-4433 WASHINGTON, D.C. 20005-3701 www.nealrgross.com

1 We still have a strong and thriving seafood industry
2 and federal installations, like Keesler Air Force Base, the Naval
3 Seabee Center in Gulfport, VA Medical Centers in Biloxi and
4 Gulfport, Stennis Space Center in Dewpoint in Hancock County,
5 Ingalls Shipbuilding and Standard Oil Refinery in Jackson County.

6 Our retail industry continues to prosper. Edgewater
7 Mall has doubled its size in recent years and we've see major
8 shopping malls locate in nearby Gulfport. We see major
9 restaurant chains open all over the Gulf Coast.

10 In Biloxi, we have a challenge of preserving and
11 promoting our small town charm: our historic sites, the sand
12 beach, the golf courses, the deep sea fishing and our great
13 restaurants. You can't look to casinos to carry the entire
14 community.

15 This balancing act is not an easy one and it is a
16 continuing challenge for our community. Fortunately, people in
17 Biloxi aren't afraid to speak their minds and our people dearly
18 love Biloxi.

19 As mayor, I feel that we currently have enough
20 planned zones for casinos in Biloxi, and on more than one
21 occasion, I have publicly opposed expansion of casino land in
22 Biloxi.

23 As far as the expansion of gaming on a national
24 level, I think we all recognize that gambling is not for every
25 community, either because the legislation is not there or the
26 community may not approve morally.

27 Today I'm here to tell you what the facts show.
28 Casino gaming is working here in Biloxi and in Mississippi. It's
29 the engine driving our economy. I'm very proud of the job we are

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com

1 doing here and what it has meant to all of our citizens. We are
2 part of the miracle in Mississippi.

3 CHAIRMAN JAMES: Thank you very much.

4 MAYOR HOLLOWAY: Mr. Chairman, I have a statement
5 from Congressman Gene Taylor, the Fifth Congressional District of
6 Mississippi, and a book that I would like to put in for the
7 record, please.

8 CHAIRMAN JAMES: Thank you. We would be happy to
9 receive that.

10 MAYOR HOLLOWAY: Thank you.

11 CHAIRMAN JAMES: I'll have a staff person pick it up.

NEAL R. GROSS

COURT REPORTERS AND TRANSCRIBERS

1323 RHODE ISLAND AVE., N.W.

(202) 234-4433

WASHINGTON, D.C. 20005-3701

www.nealrgross.com